

WHAT IS CLAIMED:

1. A method, comprising the steps of:
among a cooperative consortium of manufacturers of
5 a class of goods and a financing organization, cooperatively
specifying underwriting standards for a class of financial
instruments, the financing organization being cooperatively
owned by at least three of the manufacturers, no single
manufacturer owning 50% or more of the financing
10 organization, rating agencies attributing to an originator
of financial instruments of the class a moral recourse
obligation to support the financial instruments;
originating financial instruments of the class,
the financial instruments originated by a plurality of
15 originators, including the manufacturers, and conforming to
the underwriting standards, at least some of the financial
instruments being originated at a below-market interest
rate;
purchasing and aggregating financial instruments
20 by the financing organization from the plurality of
originators, the financing organization only purchasing
financial instruments conforming to the underwriting
standards, the financing organization not being bound to
purchase all financial instruments tendered by the
25 originators to the financing organization; and
offering the financial instruments for sale in the
financial markets in the form of structured securities
backed or secured by the financial instruments, the
financial instruments being offered by the financing
30 organization, the securities including a first loss piece
and structured to entirely transfer default risk from the
primary originators to purchasers and to terminate the moral
recourse obligation of the originator.

35 2. A method, comprising the steps of:
offering financial instruments for sale in the
financial markets, rating agencies attributing to an
originator of the financial instruments a moral recourse

obligation to support the financial instruments, the financial instruments being offered by a financing organization being chartered for the purpose of offering the financial instruments in the financial markets and offering
5 the financial instruments on terms that entirely transfer default risk to purchasers of the financial instruments and that terminate the moral recourse obligation of the originator.

10 3. The method of claim 2, wherein:
the financial instruments are offered for sale in the financial markets in the form of structured securities backed or secured by the financial instruments, the securities including a first loss piece and structured to
15 entirely transfer default risk to purchasers of the financial instruments and terminate the moral recourse obligation of the originator.

20 4. The method of claim 2, further comprising the step of:
aggregating financial instruments for sale in the financial markets, the financial instruments having been originated by a plurality of primary originators.

25 5. The method of claim 4, further comprising the step of:
ensuring that each pool of financial instruments offered for sale in the financial markets is diversified among the primary originators so that no single originator
30 originated 50% or more of the financial instruments in the pool.

35 6. The method of claim 4, further comprising the step of:
offering the financial instruments in the financial markets in at least two forms drawn from the group consisting of: (a) whole financial instruments, (b) participations in pools of financial instruments, and

(c) structured securities backed or secured by the financial instruments.

7. The method of claim 2, further
5 comprising the step of:

aggregating for sale in the financial markets
financial instruments originated by a plurality of primary
originators, the financial instruments being offered by a
financing organization cooperatively owned by at least three
10 of the primary originators, no single originator of the
ownership cooperative owning 50% or more of the financing
organization.

8. The method of claim 2, wherein:
15 the financial instruments are purchase money
financial instruments to finance purchase of an industry-
recognized class of consumer goods offered by the originator
or a corporate affiliate of the originator.

9. The method of claim 8, wherein the goods
20 are automobiles.

10. The method of claim 8, wherein the
originator is a captive finance company of an automobile
25 manufacturer.

11. The method of claim 8, further
comprising the step of:
adjusting a price paid by the financing
30 organization to the originator based on depreciation rates
or resale values of varying models of the goods.

12. The method of claim 2, further
comprising the step of:
35 the originator contractually committing not to
provide any form of credit support for financial instruments
sold by the originator to the financing organization or by
the financing organization in the financial markets.

13. The method of claim 2, further comprising the step of:

5 specifying underwriting standards for the financial instruments, the financing organization purchasing only financial instruments conforming to the underwriting standards, the underwriting standards excluding at least about 25% of originated financial instruments.

10 14. The method of claim 13, further comprising the step of:

developing the underwriting standards in consultation with the rating agencies.

15 15. A method, comprising the steps of:
offering securities for sale in the financial markets, the securities backed or secured by financial instruments, rating agencies attributing to an originator of the financial instruments a moral recourse obligation to
20 support the financial instruments, the securities including a first loss piece and structured to entirely transfer default risk to purchasers of the financial instruments and terminate the moral recourse obligation of the originator.

25 16. The method of claim 15, wherein:
the financial instruments backing the securities were originated by a plurality of primary originators.

30 17. The method of claim 16, further comprising the step of:

ensuring that each security issue offered for sale is diversified among the primary originators so that no single originator originated 50% or more of the financial instruments backing the security issue.

35

18. The method of claim 16, further comprising the step of:

offering the financial instruments in the financial markets in at least two forms drawn from the group consisting of: (a) whole financial instruments, (b) participations in pools of the financial instruments, and
5 (c) structured securities backed or secured by the financial instruments.

19. The method of claim 16, wherein:
the securities are offered by a financing
10 organization cooperatively owned by at least three of the primary originators, no single originator of the ownership cooperative owning 50% or more of the financing organization.

15 20. The method of claim 19, further comprising the step of:
adjusting a price paid by the financing organization to the originators based on depreciation rates or resale values of goods financed by the financial
20 instruments.

21. The method of claim 19, further comprising the step of:
adjusting a price paid by the financing
25 organization to the originators based on average credit risk of borrowers of the financial instruments.

22. The method of claim 16, further comprising the step of:
30 specifying underwriting standards for a class of financial instruments, the underwriting standards being specified by a financing organization chartered to offer the securities; and
purchasing financial instruments by the financing
35 organization from the plurality of originators of financial instruments, the financing organization purchasing only financial instruments conforming to the underwriting standards, the financing organization not being bound to

purchase financial instruments tendered by the originators to the financing organization.

23. The method of claim 22, further comprising the step of:
specifying servicing standards for the financial instruments, the financing organization purchasing only financial instruments conforming to the servicing standards.

24. The method of claim 22, further comprising the step of:
developing the underwriting standards in consultation with the rating agencies.

25. The method of claim 15, wherein:
the financial instruments are drawn from an industry-recognized class of consumer financial instruments.

26. The method of claim 25, wherein the originator is a captive finance company of an automobile manufacturer.

27. The method of claim 15, further comprising the step of:
the originator contractually committing not to provide any form of credit support for financial instruments sold by the originator to the financing organization or by the financing organization in the financial markets.

28. The method of claim 15, wherein the securities comprise tranches of at least four seniorities.

29. A method, comprising the steps of:
aggregating and offering financial instruments for sale in the financial markets, the financial instruments having been originated by a plurality of primary originators, the financial instruments being offered by a financing organization on terms that entirely transfer

default risk from the primary originators to purchasers of the financial instruments.

5 30. The method of claim 29, wherein:
the financing organization is cooperatively owned by at least three of the primary originators, no single originator of the ownership cooperative owning 50% or more of the financing organization.

10 31. The method of claim 30, wherein at least two members of the ownership cooperative are captive finance companies of automobile manufacturers.

15 32. The method of claim 30, wherein at least one of the primary originators is not a member of the ownership cooperative.

20 33. The method of claim 29, further comprising the step of:
specifying underwriting standards for a class of financial instruments, the underwriting standards being specified by the financing organization; and
purchasing financial instruments by the financing organization from the primary originators, the financing organization only purchasing financial instruments
25 conforming to the underwriting standards, the financing organization not being bound to purchase financial instruments tendered by the originators to the financing organization.

30 34. The method of claim 29, wherein:
the originators are a cooperative consortium of manufacturers of a class of goods, who have agreed to underwriting standards for financial instruments to finance
35 purchase of the goods; and

the financing organization purchases only financial instruments conforming to the underwriting standards.

35. The method of claim 29, further comprising the step of:

5 ensuring that each pool of financial instruments offered for sale in the financial markets is diversified among the primary originators so that no single originator originated 50% or more of the financial instruments in the pool.

10 36. The method of claim 29, wherein:
the financial instruments are purchase money financial instruments to finance purchase of an industry-recognized class of consumer goods offered by the originator or by a corporate affiliate of the originator.

15 37. The method of claim 29, wherein:
the financial instruments are drawn from an industry-recognized class of consumer financial instruments.

20 38. The method of claim 29, further comprising the step of:
adjusting a price paid by the financing organization to the originator based on depreciation rates or resale values of varying models of the goods.

25 39. The method of claim 29, further comprising the step of:
the originator contractually committing not to provide any form of credit support for financial instruments
30 sold by the originators to the financing organization or by the financing organization in the financial markets.

40. The method of claim 29, further comprising the step of:
35 offering the financial instruments in the financial markets in at least two forms drawn from the group consisting of: (a) whole financial instruments, (b) participations in pools of the financial instruments, and

(c) structured securities backed or secured by the financial instruments.

41. The method of claim 29, further
5 comprising the step of:
organizing the financial instruments into pools
for sale in the financial markets, the financial instruments
backing each pool being held by a bankruptcy-remote entity
established by the financing organization.

10
42. The method of claim 29, wherein the
financial instruments are offered in the financial markets
in the form of structured securities of at least four
seniority tranches.

15
43. The method of claim 29, further
comprising the step of:
adjusting a price paid by the financing
organization to the originators based on average credit risk
20 of borrowers of the financial instruments.

44. The method of claim 29, further
comprising the step of:
specifying servicing standards for the financial
25 instruments, the financing organization purchasing only
financial instruments conforming to the servicing standards.

45. A method, comprising the steps of:
aggregating and offering financial instruments for
30 sale in the financial markets, the financial instruments
having been originated by a plurality of primary
originators, the financial instruments being offered by a
financing organization cooperatively owned by at least three
of the primary originators, no single originator of the
35 ownership cooperative owning 50% or more of the financing
organization.

46. The method of claim 45, wherein:

the financial instruments conform to underwriting standards specified by the financing organization, the financing organization not being bound to purchase financial instruments tendered by the originators to the financing organization.

47. The method of claim 46, further comprising the step of:

the financing organization re-underwriting the financial instruments to ensure compliance with the underwriting standards.

48. The method of claim 45, further comprising the step of:

the financial instruments conform to underwriting standards specified by a cooperative consortium of manufacturers of a class of goods, the financial instruments being purchase money financial instruments to finance purchase of the goods.

49. The method of claim 48, further comprising the step of:

the financing organization auditing the financial instruments for compliance with the underwriting standards.

50. The method of claim 45:

wherein the financial instruments have been originated at a below-market interest rate,

and further comprising the step of the financing organization purchasing the financial instruments receiving a cash payment from either a manufacturer of goods financed by the financial instruments or from the originators, the payment being in an amount compensating for the below-market rate.

51. The method of claim 45, wherein:
the financial instruments are purchase money financial instruments to finance purchase of a class of

consumer goods offered by the originators or by corporate affiliates of the originators.

52. The method of claim 45, wherein at least
5 two members of the ownership cooperative are captive finance companies of automobile manufacturers.

53. The method of claim 45, further
comprising the step of:
10 ensuring that each pool of financial instruments aggregated and offered for sale is diversified among the primary originators so that no single originator originated 50% or more of the financial instruments in the pool.

54. The method of claim 45, wherein at least
15 one of the primary originators is not a member of the ownership cooperative.

55. The method of claim 45, further
20 comprising the step of:
the originators contractually committing not to provide any form of credit support for financial instruments sold by the originators to the financing organization or by the financing organization in the financial markets.

56. The method of claim 45, further
comprising the step of:
aggregating the financial instruments into pools
for sale in the financial markets, the financial instruments
30 backing each pool being held by a bankruptcy-remote entity established by the financing organization.

57. The method of claim 45, further
comprising the step of:
35 adjusting a price paid by the financing organization to the originators based on average credit risk of borrowers of the financial instruments.

58. The method of claim 45, further comprising the step of:

specifying servicing standards for the financial instruments, the financing organization purchasing only
5 financial instruments conforming to the servicing standards.

59. A method, comprising the steps of:

specifying underwriting standards for a class of financial instruments, the underwriting standards being
10 specified by a financing organization chartered to offer financial instruments conforming to the underwriting standards in the financial markets; and

purchasing financial instruments by the financing organization from a plurality of originators of financial
15 instruments, the financing organization only purchasing financial instruments conforming to the underwriting standards, the financing organization not being bound to purchase financial instruments tendered by the originators to the financing organization.

60. The method of claim 59, wherein:

the underwriting standards are specified in consultation with members of a cooperative consortium of manufacturers of a class of goods, the financial instruments
25 being purchase money financial instruments to finance purchase of the goods.

61. The method of claim 60, further comprising the step of:

30 the financing organization auditing the financial instruments for compliance with the underwriting standards.

62. The method of claim 59, further comprising the step of:

35 wherein the financial instruments have been originated at a below-market interest rate, the financing organization receiving a cash payment from either a manufacturer of goods financed by the financial instruments

or from the originators, the payment being in an amount compensating for the below-market rate.

63. The method of claim 59:
5 wherein rating agencies attribute to the originators a moral recourse obligation to support the financial instruments.

64. The method of claim 63, further
10 comprising the step of:
offering the financial instruments in the financial markets on terms that entirely transfer default risk to purchasers of the financial instruments and that terminate the moral recourse obligation of the originators.

65. The method of claim 63, further
15 comprising the step of:
developing the underwriting standards in consultation with the rating agencies.

66. The method of claim 59, further
20 comprising the step of:
entering a master servicing agreement among the financing organization and the originators under which a
25 master servicing entity provides master servicing services.

67. The method of claim 59, further
comprising the step of:
organizing the financial instruments into pools
30 for sale in the financial markets.

68. The method of claim 67, further
comprising the step of:
ensuring that each pool of financial instruments
35 offered for sale in the financial markets is diversified among the primary originators so that no single originator originated 50% or more of the financial instruments in the pool.

69. The method of claim 67, further comprising the step of:

transferring ownership of the financial
5 instruments backing each pool into a bankruptcy-remote
entity established by the financing organization.

70. The method of claim 59, further comprising the step of:

10 the financing organization re-underwriting the
financial instruments to ensure compliance with the
underwriting standards.

71. The method of claim 59, further comprising the step of:

15 adjusting a price paid by the financing
organization to an originator based on average credit risk
of borrowers of the financial instruments offered by the
originator.

20 72. The method of claim 59, further comprising the step of:

specifying servicing standards for the financial
instruments, the financing organization purchasing only
25 financial instruments conforming to the servicing standards.

73. A method, comprising the steps of:
among a cooperative consortium of originators of
financial instruments, agreeing to underwriting standards
30 for financial instruments; and

aggregating financial instruments for offering in
the financial markets, the financial instruments originated
by the originators and conforming to the underwriting
standards.

35 74. The method of claim 73, wherein at least
two of the originators are captive finance companies of
automobile manufacturers.

75. The method of claim 73, wherein:
the aggregating of the financial instruments is
performed by a financing organization that is independent of
5 the originators.

76. The method of claim 75, wherein:
the financial instruments have been originated at
a below-market interest rate, and the financing organization
10 has received a cash payment from either a manufacturer of
goods financed by the financial instruments or from the
originators, the payment being in an amount compensating for
the below-market rate.

15 77. The method of claim 75, further
comprising the step of:
entering a master servicing agreement among the
financing organization and the originators under which a
master servicing entity provides master servicing services.

20 78. The method of claim 75, further
comprising the step of:
re-underwriting the financial instruments by the
financing organization to ensure compliance with the
25 underwriting standards.

79. The method of claim 75, further
comprising the step of:
adjusting a price paid by the financing
30 organization to an originator based on average credit risk
of the financial instruments offered by the originator.

80. The method of claim 75, further
comprising the step of:
35 adjusting a price paid by the financing
organization to the originators based on depreciation rates
or resale values of varying models of the goods.

81. The method of claim 75, further comprising the step of:

specifying servicing standards for the financial instruments, the financing organization purchasing only
5 financial instruments conforming to the servicing standards.

82. The method of claim 75, further comprising the step of:

the originators contractually committing not to
10 provide any form of credit support for financial instruments sold by the originators to the financing organization or by the financing organization in the financial markets.

83. The method of claim 73, wherein:

15 rating agencies attribute to originators of the financial instruments a moral recourse obligation to support the financial instruments.

84. The method of claim 83, further

20 comprising the step of:

offering the financial instruments in the financial markets on terms that entirely transfer default risk to purchasers of the financial instruments and that terminate the moral recourse obligation of the originators.

25

85. The method of claim 73, further comprising the step of:

offering the financial instruments in the financial markets in the form of structured securities
30 backed or secured by the financial instruments, the securities including a first loss piece and structured to entirely transfer default risk to purchasers of the financial instruments and terminate the moral recourse obligation of the originators.

35

86. The method of claim 73, further comprising the step of:

developing the underwriting standards in
consultation with the rating agencies.

87. The method of claim 73, further
5 comprising the step of:
organizing the financial instruments into pools
for sale in the financial markets.

88. The method of claim 87, further
10 comprising the step of:
ensuring that each pool of financial instruments
offered for sale in the financial markets is diversified
among the primary originators so that no single originator
originated 50% or more of the financial instruments in the
15 pool.

89. The method of claim 87, further
comprising the step of:
transferring ownership of the financial
20 instruments backing each pool into a bankruptcy-remote
entity established by a financing organization that is
independent of the originators.

90. The method of claim 87, wherein the
25 pools are offered in the financial markets in the form of
structured securities of at least three seniority tranches.

91. The method of claim 73, wherein at least
one of the primary originators is not a member of the
30 ownership cooperative.

92. A method, comprising the steps of:
purchasing financial instruments from a plurality
of originators of financial instruments, the financial
35 instruments having been originated at a below-market
interest rate, a financing organization purchasing the
financial instruments receiving a cash payment from either a
manufacturer of goods financed by the financial instruments

or from the originators, the payment being in an amount compensating for the below-market rate.

93. The method of claim 92, wherein at least
5 two of the originators are captive finance companies of automobile manufacturers.

94. The method of claim 92, wherein:
rating agencies attribute to the originators a
10 moral recourse obligation to support the financial instruments.

95. The method of claim 94, further comprising the step of:
15 offering the financial instruments for sale in the financial markets, on terms that entirely transfer default risk to purchasers of the financial instruments and that terminate the moral recourse obligation of the originators.

20 96. The method of claim 94, further comprising the step of:
offering the financial instruments for sale in the financial markets in the form of structured securities backed or secured by the financial instruments, the
25 securities including a first loss piece and structured to entirely transfer default risk to purchasers of the financial instruments and terminate the moral recourse obligation of the originator.

30 97. The method of claim 92, further comprising the step of:
aggregating and offering the financial instruments for sale in the financial markets, the financial instruments being offered by a financing organization on terms that
35 entirely transfer default risk from the primary originators to purchasers of the financial instruments.